


# Starting a Writing Business from Home



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There are many changes in the business climate that have transpired in the past couple decades to make the small home business a thriving alternative to traditional businesses. Probably the most important have been the technological advances in personal computing.

Nowhere is this more apparent than in the world of publishing, where one person with a pc can now produce a professional quality product that would have required a small army in the not-so-distant past. While there have long been freelance writers, the desktop publishing revolution has opened up a host of new services that can be delivered from a small home office with very little overhead. If you are a business writer, starting such an enterprise at home can be profitable but it requires a fair amount of planning.

## Writing a business plan

Although business plans are usually written by entrepreneurs trying to secure loans, and you probably won't need a loan to start up your freelance writing business, it's a good idea to write one anyway. You may have to change parts of it as you gain more experience, but writing one now will give you a roadmap to get you started. It will help you direct your efforts and define your goals.

There are two basic elements to a business plan, and for a small home based business with few startup costs, it may be enough to just cover the basics in your business plan. You can add more to it as you feel is necessary.

The first element is a business description. You need to answer these questions as specifically as possible.

- What will your business do?
- Who is your target market?
- Who is your competition?

The second element involves the financial projection for your business. You need to explore these questions as thoroughly as you can and compare them against one another.

- What will your expenses be?
- How much money can you make?
- How much money do you need to make to keep the business?

After covering these basics, you can now expand your business plan to be as detailed as you like. Feel free to add sections on marketing, personnel, operating procedures, projections and balance sheets, or anything else you would like to include.

## **Focus- Why you should specialize**

Many new writers looking for work are reluctant to narrow their focus, for fear of limiting their potential income. This seems to make sense in theory, more potential clients should mean more potential work, but in practice, narrowing your focus to no more than a few areas of specialization will increase your appeal to potential clients. Your areas of focus may change over the years as you become more established, but it's important to start somewhere, and the way to do that is to compare your interests and experience against two questions.

### **What will I write?**

What are your writing strengths? Here are a few examples of common business writing specialties among many potential options.

- Technical Writing
- Advertising Copy
- Non-Fiction
- Web Content
- Speeches

### **Who will be my clients?**

You should also decide which types of clients you'd like to work for. A few examples:

- Advertising/PR Agencies
- Government/Non-Profit Organizations
- Healthcare
- Engineering Firms
- Political Parties
- Software Publishers

## **Additional services**

Offering additional services to your clients beyond writing is a great way to build more profit into your business. Keep in mind that offering more services to

your existing clients is always easier than finding new clients to purchase a limited service.

## **Editorial Services**

It's a great idea to offer editorial services, as at least a couple of these will be things that you can do easily. Editorial work is increasingly being outsourced, both for print and on the web. You'll need to decide whether you charge a standard rate or different rates for different services.

### **Editing**

Editing involves helping authors develop and research their ideas, as well as shaping and perfecting the final product.

### **Proofreading**

You can review documents for correct grammar, spelling, punctuation, etc.

### **Indexing**

For the very detail oriented, there are opportunities for creating user-friendly indexes- both for print and on the web. This is a highly specialized skill which may not appeal to some freelancers.

### **Design**

It's a good idea to learn design, or team up with a designer so that you can offer this service to clients as well. It's very likely that they will require this service, and if you allow them to hire someone else for it, you risk losing the client to someone who can offer both writing and design.

### **Subcontracting**

Subcontracting allows you to offer other services to your client and it can be highly profitable. You should offer to oversee these services for your client and subcontract them out to a third party. It's standard to add a fee of up to 20 percent when you pass the bill on to your client, in order to reimburse you for your coordination efforts. Subcontracting other services like printing, graphic design, and photography creates value for your client and profit for you, so it's a win-win proposition.

## **Organizing the business legally**

Now that you have a plan for what your business will do and who your clients will be, it's time to consider how you will establish your new business

legally. You have several options, all of them with unique advantages and disadvantages.

## **Sole Proprietorships**

This is by far the simplest and most common form of new home businesses. A sole proprietorship is owned and managed by one person, and ends upon his death. It requires no charter from the state to exist, so it's the easiest and most flexible form to manage. If you are going to conduct business under a name other than your own, or you plan to hire employees, then you'll need to apply for a tax identification number from the IRS.

Your revenue is taxed like individual income, which is usually lower than corporate rates.

A disadvantage is that you have unlimited liability, which means that you will be held personally responsible for all business losses, and your personal assets are potentially at risk. This risk can be mitigated somewhat with insurance.

## **General Partnerships**

These are similar to the sole proprietorship legally, but differ in that the business is owned by two or more persons. The partners share common ownership and joint rights to profit and control of the business, and the terms are laid out in a written agreement.

The partnership itself does not pay federal income tax, but rather each partner claims a share of the business income on their individual tax return.

Partners have unlimited liability, like in sole proprietorships.

## **Limited Partnerships**

This type of partnership allows limited partners to invest in a business without taking on unlimited liability, as long as at least one general partner assumes full legal and financial responsibility.

## **Limited Liability Companies**

Setting up this type of company allows a sole proprietorship or partnership to be taxed traditionally, but have limited liability like a corporation. Both limited partnerships and limited liability companies are strictly regulated, so you should consult an attorney or tax accountant before setting one up.

## Corporations

It's unlikely that a writer would form a corporation as a home business, except perhaps as a first step toward a much larger enterprise. Forming a corporation will shield your personal assets from liability, but may subject your business to higher tax rates. Corporations are also regulated by every level of government, so it's a good idea to consult an attorney if you're interested in forming one.

## Pricing

### What will you charge?

Pricing can be a tricky issue, and it's one that you will deal with continuously as you try to keep your prices current. The basic reference, of course, is to find out what others charge. Sometimes this is easier said than done, but there are a couple strategies to keep in mind.

To begin, there are books and services that will give you national and sometimes local pricing information for a fee. Local information will likely be more valuable to you starting out.

Also, make sure to dig for price information whenever you get an opportunity in conversations with clients or colleagues. Just ask. Sometimes they'll tell you.

### How will you charge?

You have several different options with regard to how you will charge your clients, and there may be different standards based on your market or specialty.

#### Hourly

Charging by the hour is the simplest method, as long as you can make a good estimate of the time it will take to complete a new project.

#### By the word

This is more common in newspaper and magazine writing, less so in business writing.

#### By the project

This can be a good option as you become very experienced with certain projects and can produce them quickly. You'll benefit from your efficiency, rather than being penalized for it as you might with hourly billing.

## **On retainer**

The benefit of a retainer is that you will have steady income flowing in. It's a good option if you are doing a large volume of work for a client, and trust that your hours won't increase dramatically.

## **Marketing**

Marketing your business includes all activities that create an environment that promotes sales. There are a couple of tools that will be essential to marketing your home-based writing business that you'll need right away.

### **Create a portfolio**

You'll need a master portfolio to show clients. This should include all of your best writing samples. You can include these on your website as well, especially if you write digital documents.

### **Build a client list**

You'll need a client list with potential clients and contacts. You can do a lot of the research for this by looking at company websites. Find out their business needs, and if they hire freelancers. Especially focus on companies that would have an ongoing need for your services. Again, it's easier to drum up repeat business than to continually find new clients.

You can also find potential clients by networking, of course. Make sure to inform everyone you know about your business and see if they can provide leads. Also, make sure to always get referrals from satisfied clients.

After you've made a client list, the most important step will be following up on it. Contact potential clients and ask if you can give a presentation.

A home based writing business is one that requires relatively little start up money, but like all businesses, it requires some careful planning. You should take encouragement from recent SBA statistics which show that 57 percent of home enterprises will still be operating after 5 years, compared to 40 percent of new businesses launched outside the home. The outlook is bright.

## Resources

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